



STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board
Ben Ysursa, Secretary of State
Lawrence G. Wasden, Attorney General
Keith L. Johnson, State Controller
Marilyn Howard, Superintendent of Public Instruction

Winston A Wiggins, Secretary to the Board

Final Minutes Regular Land Board Meeting October 12, 2004

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, October 12, 2004 in Boise, Idaho. The meeting began at 9:03 a.m. The Honorable Governor Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Ben Ysursa
Honorable Attorney General Lawrence G. Wasden
Honorable State Controller Keith L. Johnson
Honorable Superintendent of Public Instruction Marilyn Howard

The Secretary to the Board, Winston Wiggins, was absent for this meeting. Ron Litz, Assistant Director, Forestry and Fire, Idaho Department of Lands, acted in the capacity of Secretary to the Board for this meeting.

• CONSENT

Assistant Director Litz provided background information on the Consent Agenda items. A motion was made by Attorney General Wasden to approve the Consent Agenda in its entirety. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0.

1. Director's Report – approved

- A. Interest Rate on Department Transactions – September 2004
- B. Bureau of Real Estate, Land Sale Section, Official Transactions – August 2004
- C. Bureau of Real Estate, Easement Section, Official Transactions – August 2004
- D. Timber Sale Official Transactions – September 1, 2004 through September 28, 2004
- E. Timber Sale Activity Report
- F. Legal Matter Summary
- G. Fire Season Update

FIRE SEASON UPDATE DISCUSSION: Assistant Director Litz noted this is the last month for this year that the Fire Season Update will be provided. It was a very quiet season.

2. Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

A. Camels Hump	CR-10-0338	1,300	MBF	Bonner
B. Idaho Hill	CR-20-0252	1,015	MBF	Bonner
C. Gravy Pine	CR-50-0123	3,473	MBF	Adams
D. Ching Creek	CR-80-0094	1,680	MBF	Clark

DISCUSSION: Governor Kempthorne asked for a further definition of silvicultural. Assistant Director Litz stated the trees in this particular area are not producing seed. They are over mature and are comprised mostly of grand fir, which is subject to spruce bud worm and other problems. The

Department's plan is to remove the undesirable tree species and follow with a planting to regenerate the site to the Douglas fir, ponderosa pine and larch.

Controller Johnson asked if the clearcut is visible from Highway 95. Assistant Director Litz stated it is on Highway 95 out of New Meadows and it is visible from the highway.

Governor Kempthorne asked what the defining borders of the clearcut would look like. Assistant Director Litz stated the clearcut is in the middle and the cut will be feathered outward. More trees will be left as it goes to the outside and the units on the outside will be marked as shelterwood. The hope is it will transition into an opening that matches the area, like an open meadow.

Governor Kempthorne asked about Sale B, Idaho Hill. He commented that this sale is for the infestation with the Douglas fir bark beetle and the spruce bud worm. Governor Kempthorne stated he often touts that whenever there is an infestation, the State moves quickly so that it does not spread. He is pleased with the Department's quick action in addressing these problems. Assistant Director Litz added the Department is asking for a one week advertisement on this sale to get it to auction as quickly as possible.

Superintendent Howard joined the meeting at this time and asked if a rationale had been given for the clearcut. Assistant Director Litz stated it was. He explained the clearcut area is predominately grand fir and it is not the right species. There are no seed trees to regenerate it naturally back. Some trees will be reserved on the site, about nine per acre, in an attempt to break up the continuity, but it is a visual. It is in a poor location visually.

BOARD ACTION: Approved.

3. Application for Qualified Bidders List, Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

A. Boise Building Solutions Manufacturing, LLC, 1111 West Jefferson Street, P. O. Box 50, Boise, Idaho 83728

DISCUSSION: Superintendent Howard commented she is curious about this agenda item because we have qualified bidders in-state and out-of-state. Boise Building Solutions Manufacturing is a Delaware company. She asked how this works. Assistant Director Litz stated timber sales are open to qualified bidders, which the Board approves. To purchase a sale the requirement is that only 5% of the timber can be exported. When Boise Cascade closed their milling facilities in Idaho, they brokered a large percentage of the timber under contract in-state to other mills and took some out of state to their LaGrande facilities. Boise Cascade is asking to be qualified and the obligation to manufacture and take out of State no more than 5% of the timber is still valid. The exemption in South Idaho was lifted and all sales in the Payette and Southwest areas are open to unqualified bidders. In that case, Boise Building Solutions could purchase those sales and take them out of state without having any adverse affects on their qualified bidder status. The Department does monitor and track every purchaser and knows precisely how much volume they have taken out of state. A report can be generated at any time. Dr. Howard observed that this is now an out-of-state company and is treated as such. Assistant Director Litz stated that is correct.

BOARD ACTION: Approved.

4. Request for Final Approval to Sell Abandoned Railroad Parcel in Adams County – Staffed by Perry Whittaker, Chief, Bureau of Real Estate – approved

DEPARTMENT RECOMMENDATION: Direct the Department to advertise and sell the 14.1 acres, more or less, without reservation of minerals at public auction based on a minimum bid of \$8,500 with the sale proceeds to be deposited in the Land Bank for future acquisition of real property.

BOARD ACTION: Approved.

5. Results of Grazing Lease Auction for Lease G-6354 – Staffed by Tracy Behrens, Program Manager, Range and Cropland, Bureau of Surface and Mineral Resources – approved

DEPARTMENT RECOMMENDATION: That the Board accept the high bid of \$26,050 submitted by Lloyd Law for grazing lease G-6354 and direct the Department to issue a new ten-year grazing lease to Mr. Law. The new lease will include a summary of the grazing management proposal submitted by Mr. Law and accepted by the Department.

BOARD ACTION: Approved.

6. Minutes – approved

A. Regular Land Board Meeting – September 14, 2004

BOARD ACTION: Superintendent Howard asked that the record reflect she attempted to participate in this meeting via conference call. However, due to technical difficulties, she was unable to do so. This agenda item was approved with the requested modification as part of the Consent Agenda.

• **REGULAR**

7. Endowment Fund Investment Board Manager's Report – Presented by Matthew Haerten, CFA, Manager of Investments, EFIB – approved

Mr. Haerten stated July was a tough month. August and September were modestly positive so the Fund ended about even at the end of the quarter. Managers are performing in line with expectations with some modest out performance. Most investors are somewhat focused on the presidential election cycle and minimal movement is expected in the markets until the election.

DISCUSSION: Governor Kempthorne noted managers appear to be virtually on target with projections. He stated this is far different than when we started. At that time, we saw targets being missed. Mr. Haerten agreed and stated he is pleased with the managers.

BOARD ACTION: A motion was made by Attorney General Wasden to accept the EFIB Manager's Report. State Controller Johnson seconded the motion. The motion carried on a vote of 5-0.

• **EXECUTIVE SESSION – Withdrawn**

There were no Executive Session items.

Before adjourning the Land Board meeting, Governor Kempthorne recognized Secretary of State Yursa for his work during this election season. He noted that absentee ballots have begun and that this is a critical time for the Secretary of State's office. He commended Secretary of State Yursa for being a conduit to the counties and for the system currently in place. Secretary of State Yursa thanked Governor Kempthorne for his comments and stressed the importance of voting. He referred everyone to the web site idahovotes.gov for official voting information. He praised the County Clerks for their hard work preparing ballots in a timely fashion. Early voting has been going on at county courthouses and he stressed that everyone should get out and vote.

There being no further business to come before the Board, the meeting adjourned at 9:20 a.m.